

STATE OF CALIFORNIA  
DEPARTMENT OF INSURANCE  
45 FREMONT STREET, 21ST FLOOR  
SAN FRANCISCO, CALIFORNIA 94105

RH-02024639

CALIFORNIA CODE OF REGULATIONS, TITLE 10.  
CHAPTER 5, SUBCHAPTER 7.5.1

ADOPT SUBCHAPTER 7.5.1 TO READ AS FOLLOWS:

SUBCHAPTER 7.5.1 INSURANCE ADJUSTER TRAINING FOR EVALUATING  
EARTHQUAKE DAMAGE

Section 2695.40 Authority and Purpose

These regulations are promulgated pursuant to the authority granted to the Insurance Commissioner under the provisions of Insurance Code Section 10089.3. The purpose of these regulations is to set forth standards governing the training of insurance adjusters in evaluating damage caused by earthquakes and the procedures for reporting unaccredited adjusting.

Note: Authority cited: Section 10089.3, California Insurance Code  
Reference: Section 10089.3, California Insurance Code

Section 2695.41 Definitions

As used in these regulations and in Section 10089.3 of the California Insurance Code,

(a) “Accreditation” means certification that a person has received training that meets the standards set forth in this subchapter.

(b) “Insurance adjuster” or “adjuster” is any person included in California Insurance

*NOTE: These regulations were filed with the Secretary of State and became effective on March 25, 2004.*

Code Section 10089.3(h).

(c) “Insurer” means an “admitted” or “nonadmitted” insurer, as defined in California Insurance Code Sections 23, 24 and 25, that issues or delivers a policy of insurance in this state covering the peril of earthquake.

(d) “Training” or “train” means to provide a course of instruction that meets the standards prescribed in Section 2695.42 for those adjusters who evaluate earthquake damage.

Note: Authority cited: Section 10089.3, California Insurance Code

Reference: Sections 23, 24, 25 and 10089.3, California Insurance Code

#### Section 2695.42 Training Standards

Every insurer shall provide training regarding the handling of earthquake claims to insurance adjusters who evaluate earthquake claims for or on behalf of the insurer. The insurer may provide the training directly or have the training provided by another entity. The insurer shall ensure that the course of instruction meets all requirements set forth in this Section 2695.42. An adjuster trained and accredited by one insurer shall be deemed accredited in order to adjust claims for a different insurer unless such insurer includes additional requirements. The content of the training required by this section shall include the following topics:

(a) The California Fair Claims Settlement Practices Regulations, California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5, Section 2695.1 – 2695.14, inclusive. Demonstration of compliance with the annual training and certification requirements of 10 CCR 2695.6 shall satisfy an insurance adjuster’s training requirements prescribed by this subsection.

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- (b) Determination of Scope of Loss: Adjusters shall be trained how to conduct a thorough examination of the property to be inspected including but not limited to: attics, crawlspaces, roofs, chimneys, foundations, and structural areas. The adjuster shall be trained how to make a complete listing of all recent earthquake damage. Training pursuant to this subsection shall include building code upgrade issues and procedures to be followed if additional hidden earthquake damage is found after repair of earthquake damage has begun.
- (c) Loss Estimation Techniques: Adjusters shall be trained how to create or obtain an accurate estimate of all covered earthquake damage. The adjuster shall be trained regarding the appropriate level of detail to be contained in the estimate and the documentation necessary to support the estimate. Adjusters shall be trained to re-evaluate the estimate if the actual costs of repair differ from the costs listed on the original estimate.
- (d) Determination of Necessity for Engineer or Expert: Adjusters shall be trained how to evaluate visible damage and indicia of hidden damage to determine when to consult with an engineer or other expert.
- (e) California Department of Insurance Earthquake Mediation Program: Adjusters shall receive training regarding the Earthquake Claims Mediation Program of the California Department of Insurance set forth at California Insurance Code Section 10089.70 and California Code of Regulations, Title 10, Chapter 5, Subchapter 7.6, Sections 2696.1 through 2696.10, inclusive.

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- (f) Assessment of Damage to Concrete Surfaces and Foundations: Adjusters shall be trained on the basic techniques used to determine the difference between pre-existing cracks in the concrete of structures and new cracks caused by an earthquake. Complete training pursuant to this subsection shall include methodology for determining when repair or replacement of the concrete is appropriate and proper methods for concrete repair including, but not limited to injected epoxy methods.
- (g) Subsequently Discovered Earthquake Damage: Adjusters shall be trained on the basic requirements of current law regarding the obligation of the insurer to investigate any earthquake damage that is discovered or reported and when it may be appropriate to seek legal counsel to assist in making this determination.
- (h) Programs Designed to Assist Earthquake Victims: Adjusters shall be trained regarding the existence of United States Small Business Administration and Federal Emergency Management Agency or other similar programs intended to assist earthquake victims. Training pursuant to this subsection shall include an overview of these programs and deadlines, and how these programs and deadlines interact with the underlying earthquake insurance claim.

Note: Authority cited: Section 10089.3, California Insurance Code  
Reference: Sections 790.03 (h), 10089.3, and 10089.70, California Insurance Code; and Sections 2695.1-2695.14 and 2696.1-2696.10, Title 10, California Code of Regulations.

#### Section 2695.43 Accreditation

- (a) Certificates shall be provided by the insurer or the training entity to any student

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successfully completing the adjuster training and shall contain the following information:

- (1) name, address and telephone number of the insurer or other entity providing the adjuster training required by this subchapter;
- (2) full name of adjuster, and license number if applicable;
- (3) a statement certifying that the adjuster completed training that meets the standards set forth in these regulations;
- (4) signatures of both adjuster and trainer; and
- (5) completion date of training.

(b) Accreditation must be renewed every three years by completing the training required by Subsection 2695.42.

Note: Authority cited: Section 10089.3, California Insurance Code  
Reference: Section 10089.3, California Insurance Code

#### Section 2695.44 Maintenance of Records

(a) Insurers or other entities providing adjuster training must maintain records of all adjusters completing the program, for a period of five years. An insurer using an adjuster to evaluate earthquake damage must keep a record of that adjuster's accreditation for a period of five years. These records must contain the following information:

- (1) name of adjuster and license number if applicable;
- (2) date training completed;
- (3) name, address and telephone number of training entity.

Note: Authority cited: Section 10089.3, California Insurance Code  
Reference: Section 10089.3, California Insurance Code

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**Section 2695.45      Reporting Requirements for Unaccredited Adjusters**

(a) **An insurer using one or more adjusters to evaluate damage caused by earthquakes who are not trained and accredited in accordance with the standards set forth in this subchapter shall comply with the following requirements:**

(1) **annually submit a list of those adjusters who have not completed the training to the Department of Insurance. Each list of adjusters shall include the name of the adjuster, license number (if any), and claim number of the earthquake claim evaluated by that adjuster; and**

(2) **each list of adjusters described above must be submitted to the Department of Insurance within 30 calendar days from the end of the reporting period and shall cover the preceding twelve-month period. The initial reporting period begins January 1, 2005 and ends December 31, 2005.**

**Note: Authority cited: Section 10089.3, California Insurance Code**  
**Reference: Section 10089.3, California Insurance Code**

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